

2. For awards of 9% LIHTCs made in 2020, SC Housing will set the mix of its sources, including the STC and appropriated programs. Awarded applicants may have the option to not receive the STC (pending future guidance). If so, and some applicants make such a decision, the result would be fewer awards.
3. Owners of 9% LIHTC projects awarded before 2020 may submit a Report detailing the following:
 - Specific increases in hard construction costs.
 - Why the costs were necessary (not optional).
 - The amount exceeds the budgeted construction contingency.
 - When the owner informed SC Housing in advance of paying for the increased expenditures.
 - The STC is not replacing any reduction in equity invested for LIHTC.
 - The deferred developer fee will be 15% of the total.

SC Housing will review and make a decision, which may include engaging third party professionals (costs paid by the owner).

- C. In the alternative to Section II(B)(3) above, owners of 9% LIHTC projects awarded before 2020 may submit a Report detailing how the STC would benefit tenants.
 1. A reduction in rents for some and/or all units made possible by equity for the STC replacing must-pay debt. SC Housing may decline to issue a Preliminary Determination if the result would be
 - an excessive concentration of extremely low-income households, or
 - impairing occupancy or lease-up at other STC projects in the market area.

Owners may propose other forms of tenant benefits instead of or in addition to reduced rents.
 2. Below is a non-exclusive list of what SC Housing will not consider in its assessment of how equity invested for the STC would benefit tenants.
 - New or increased reserve amounts, regardless of whether required by a funding source.
 - New or increased fees paid by guarantors, members/partners, funding sources, or other parties with an interest in the project.
 - Fully or partially replacing below-market sources (e.g., local government HOME funds).
 - Replacing any reduction in equity invested for LIHTCs.
 - Paying for future phases of the project.
 3. SC Housing will review the Report and make a decision, which may include engaging third party professionals (costs paid by the owner). The deferred developer fee will be 15% of the total.

III. STC Process

- A. SC Housing will determine the amount of equity used for STC underwriting based on applicant/owner representations, commitment letters, and input from syndicators.
- B. Eligibility Statements will include an amount of STCs.
- C. Owners must inform SC Housing at least 15 days in advance of STC equity closing if the amount will vary by more than 5% from the commitment letter.

As noted in Bulletin #11 (posted June 5, 2020), interested parties are welcome to provide input on SC Housing's policies concerning the STC and its application to awards that have not yet placed in service. Please provide such comments to taxcreditquestions@schousing.com by 5pm June 26, 2020.